

30 court shall award costs and attorney fees to the prevailing party if the court determines that the
31 opposing party acted in bad faith; and

32 ▶ makes technical and conforming changes.

33 **Money Appropriated in this Bill:**

34 None

35 **Other Special Clauses:**

36 None

37 **Utah Code Sections Affected:**

38 AMENDS:

39 **57-8-10**, as last amended by Laws of Utah 2011, Chapter 355

40 **57-8-13.8**, as last amended by Laws of Utah 1992, Chapter 12

41 **57-8-13.10**, as last amended by Laws of Utah 2003, Chapter 265

42 **57-8a-209**, as enacted by Laws of Utah 2009, Chapter 178

43 **57-17-3**, as enacted by Laws of Utah 1981, Chapter 74

44 ENACTS:

45 **57-8-10.1**, Utah Code Annotated 1953

46 REPEALS AND REENACTS:

47 **57-17-5**, as enacted by Laws of Utah 1983, Chapter 208



49 *Be it enacted by the Legislature of the state of Utah:*

50 Section 1. Section **57-8-10** is amended to read:

51 **57-8-10. Contents of declaration.**

52 (1) [~~Prior to~~] Before the conveyance of any unit in a condominium project, a
53 declaration shall be recorded that contains the covenants, conditions, and restrictions relating to
54 the project that shall be enforceable equitable servitudes, where reasonable, and which shall run
55 with the land. Unless otherwise provided, these servitudes may be enforced by [~~any~~] a unit
56 owner [~~and his successors~~] or a unit owner's successor in interest.

57 (2) (a) For every condominium project, the declaration shall:

58 (i) ~~[The declaration shall]~~ include a description of the land or interests in real property
59 included within the project~~[-];~~

60 (ii) ~~[The declaration shall]~~ contain a description of any buildings~~[-, which]~~ that states
61 the number of storeys and basements, the number of units, the principal materials of which the
62 building is or is to be constructed, and a description of all other significant improvements
63 contained or to be contained in the project~~[-];~~

64 (iii) ~~[The declaration shall]~~ contain the unit number of each unit, the square footage of
65 each unit, and any other description or information necessary to properly identify each unit~~[-];~~

66 (iv) ~~[The declaration shall]~~ describe the common areas and facilities of the project~~[-];~~
67 and

68 (v) ~~[The declaration shall]~~ describe any limited common areas and facilities and ~~[shall]~~
69 state to which units the use of the common areas and facilities is reserved.

70 (b) Any shutters, awnings, window boxes, doorsteps, porches, balconies, patios, or
71 other apparatus intended to serve a single unit, but located outside the boundaries of the unit,
72 shall constitute a limited common area and facility appertaining to that unit exclusively,
73 whether or not the declaration makes such a provision.

74 (c) The condominium plat recorded with the declaration may provide or supplement
75 the information required under Subsections (2)(a) and (b).

76 (d) (i) The declaration shall include the percentage or fraction of undivided interest in
77 the common areas and facilities appurtenant to each unit and ~~[its]~~ the unit owner for all
78 purposes, including voting, derived and allocated in accordance with Subsection 57-8-7(2).

79 (ii) If any use restrictions are to apply, the declaration shall state the purposes for which
80 the units are intended and ~~[restricted as to]~~ the use restrictions that apply.

81 (iii) (A) The declaration shall include the name and address of a person to receive
82 service of process on behalf of the project, in the cases provided by this chapter~~[-, together with~~
83 ~~the residence or place of business of that person]~~.

84 (B) The person described in Subsection (2)(d)(iii)(A) shall be a resident of, or shall
85 maintain a place of business within, this state.

86 (iv) The declaration shall describe the method by which [it] the declaration may be
87 amended consistent with this chapter.

88 (v) Any further matters in connection with the property may be included in the
89 declaration, which the person or persons executing the declaration may consider desirable,
90 consistent with this chapter.

91 (vi) The declaration shall contain a statement of intention that this chapter applies to
92 the property.

93 (e) The initial recorded declaration shall include:

94 (i) an appointment of a trustee who qualifies under Subsection 57-1-21(1)(a)(i) or (iv);
95 and

96 (ii) the following statement: "The declarant hereby conveys and warrants pursuant to
97 U.C.A. Sections 57-1-20 and 57-8-45 to (name of trustee), with power of sale, the unit and all
98 improvements to the unit for the purpose of securing payment of assessments under the terms
99 of the declaration."

100 (3) (a) If the condominium project contains any convertible land, the declaration shall:

101 (i) [~~The declaration shall~~] contain a legal description by metes and bounds of each area
102 of convertible land within the condominium project[-];

103 (ii) [~~The declaration shall~~] state the maximum number of units that may be created
104 within each area of convertible land[-];

105 (iii) [~~(A) The declaration shall~~] state, with respect to each area of convertible land, the
106 maximum percentage of the aggregate land and floor area of all units that may be created and
107 the use of which will not or may not be restricted exclusively to residential purposes[~~-(B) The~~
108 ~~statements described in Subsection (3)(a)(iii)(A) need not be supplied if~~], unless none of the
109 units on other portions of the land within the project are restricted exclusively to residential
110 use[-];

111 (iv) [~~The declaration shall~~] state the extent to which any structure erected on any
112 convertible land will be compatible with structures on other portions of the land within the
113 condominium project in terms of quality of construction, the principal materials to be used, and

114 architectural style[-];

115 (v) ~~[The declaration shall]~~ describe all other improvements that may be made on each
116 area of convertible land within the condominium project[-];

117 (vi) ~~[The declaration shall]~~ state that any units created within each area of convertible
118 land will be substantially identical to the units on other portions of the land within the project
119 or ~~[it shall]~~ describe in detail what other type of units may be created[-]; and

120 (vii) ~~[The declaration shall]~~ describe the declarant's reserved right, if any, to create
121 limited common areas and facilities within any convertible land in terms of the types, sizes, and
122 maximum number of the limited common areas within each convertible land.

123 (b) The condominium plat recorded with the declaration may provide or supplement
124 the information required under Subsection (3)(a).

125 (4) (a) If the condominium project is an expandable condominium project, the
126 declaration shall:

127 ~~[(a)]~~ (i) ~~[(A) The declaration shall]~~ contain an explicit reservation of an option to
128 expand the project[-];

129 ~~[(B) The declaration shall]~~ (ii) include a statement of any limitations on the option to
130 expand, including a statement as to whether the consent of any unit owners ~~[shall be]~~ is
131 required and, a statement as to the method by which consent shall be ascertained, or a
132 statement that there are no such limitations[-];

133 ~~[(ii) The declaration shall]~~ (iii) include a time limit, not exceeding seven years ~~[from~~
134 ~~the date of the recording of]~~ after the day on which the declaration is recorded, upon which the
135 option to expand the condominium project ~~[shall expire, together with]~~ expires and a statement
136 of any circumstances ~~[which]~~ that will terminate the option ~~[prior to]~~ before expiration of the
137 specified time limits[-];

138 ~~[(iii) The declaration shall]~~ (iv) contain a legal description by metes and bounds of all
139 land that may be added to the condominium project, which is known as additional land[-];

140 ~~[(iv) The declaration shall]~~ (v) state:

141 (A) if any of the additional land is added to the condominium project, whether all of it

142 or any particular portion of it must be added;

143 (B) any limitations as to what portions may be added; or

144 (C) a statement that there are no such limitations[-];

145 [~~(v) The declaration shall~~] (vi) include a statement as to whether portions of the
146 additional land may be added to the condominium project at different times, [~~together with~~]
147 including any limitations fixing the boundaries of those portions by legal descriptions setting
148 forth the metes and bounds of these lands and regulating the order in which they may be added
149 to the condominium project[-];

150 [~~(vi) The declaration shall~~] (vii) include a statement of any limitations [~~as to~~] on the
151 locations of any improvements that may be made on any portions of the additional land added
152 to the condominium project, or a statement that no assurances are made in that regard[-];

153 [~~(vii) The declaration shall~~] (viii) (A) state the maximum number of units that may be
154 created on the additional land[-~~ff~~];

155 (B) if portions of the additional land may be added to the condominium project and the
156 boundaries of those portions are fixed in accordance with Subsection (4)(a)[~~(v)~~](vi), [~~the~~
157 ~~declaration shall also~~] state the maximum number of units that may be created on each portion
158 added to the condominium project[-~~ff~~]; and

159 (C) if portions of the additional land may be added to the condominium project and the
160 boundaries of those portions are not fixed in accordance with Subsection (4)(a)[~~(v)~~](vi), [~~then~~
161 ~~the declaration shall also~~] state the maximum number of units per acre that may be created on
162 any portion added to the condominium project[-];

163 [~~(viii) With~~] (ix) with respect to the additional land and to any portion of [it] the
164 additional land that may be added to the condominium project, [~~the declaration shall~~] state the
165 maximum percentage of the aggregate land and floor area of all units that may be created on it,
166 the use of which will not or may not be restricted exclusively to residential purposes[-

167 ~~However, these statements need not be supplied if], unless~~ none of the units on the land
168 originally within the project are restricted exclusively to residential use[-];

169 [~~(ix) The declaration shall~~] (x) state the extent to which any structures erected on any

170 portion of the additional land added to the condominium project will be compatible with
 171 structures on the land originally within the project in terms of quality of construction, the
 172 principal materials to be used, and architectural style~~[- The declaration may also state],~~ or that
 173 no assurances are made in those regards[-];

174 ~~[(x) The declaration shall]~~ (xi) describe all other improvements that will be made on
 175 any portion of the additional land added to the condominium project, ~~[or it shall contain a~~
 176 ~~statement of]~~ including any limitations ~~[as to]~~ on what other improvements may be made on ~~[it-~~
 177 ~~The declaration may also]~~ the additional land, or state that no assurances are made in that
 178 regard[-];

179 ~~[(xi) The declaration shall]~~ (xii) contain a statement that any units created on any
 180 portion of the additional land added to the condominium project will be substantially identical
 181 to the units on the land originally within the project, ~~[or]~~ a statement of any limitations ~~[as to]~~
 182 on what types of units may be created on ~~[it- The declaration may also contain]~~ the additional
 183 land, or a statement that no assurances are made in that regard[-]; and

184 ~~[(xii) The declaration shall]~~ (xiii) describe the declarant's reserved right, if any, to
 185 create limited common areas and facilities within any portion of the additional land added to
 186 the condominium project, in terms of the types, sizes, and maximum number of limited
 187 common areas within each portion~~[- The declaration may also],~~ or state that no assurances are
 188 made in those regards.

189 (b) The condominium plat recorded with the declaration may provide or supplement
 190 the information required under Subsections (4)(a)~~[(iii)]~~(iv) through (a)~~[(vi)]~~(vii) and
 191 (a)~~[(ix)]~~(x) through (a)~~[(xii)]~~(xiii).

192 (5) (a) If the condominium project is a contractible condominium, the declaration shall:

193 ~~[(a)]~~ (i) ~~[The declaration shall]~~ contain an explicit reservation of an option to contract
 194 the condominium project[-];

195 (ii) ~~[The declaration shall]~~ contain a statement of any limitations on the option to
 196 contract, including a statement ~~[as to]~~ regarding whether the consent of any unit owners ~~[shall~~
 197 ~~be]~~ is required, and if so, a statement ~~[as to]~~ regarding the method by which this consent shall

198 be ascertained~~[. The declaration may also contain]~~, or a statement that there are no such
199 limitations~~[-];~~;

200 (iii) ~~[The declaration shall]~~ state the time limit, not exceeding seven years ~~[from the~~
201 ~~recording of]~~ after the day on which the declaration is recorded, upon which the option to
202 contract the condominium project ~~[shall expire]~~ expires, together with a statement of any
203 circumstances ~~[which]~~ that will terminate ~~[this]~~ the option ~~[prior to]~~ before expiration of the
204 specified time limit~~[-];~~;

205 ~~[(b) (i) The declaration shall]~~ (iv) include a legal description by metes and bounds of
206 all land that may be withdrawn from the condominium project, which is known as
207 withdrawable land~~[-];~~;

208 ~~[(ii) The declaration shall]~~ (v) include a statement as to whether portions of the
209 withdrawable land may be withdrawn from the condominium project at different times,
210 together with any limitations fixing the boundaries of those portions by legal descriptions
211 setting forth the metes and bounds and regulating the order in which they may be withdrawn
212 from the condominium project~~[-]; and~~

213 ~~[(iii) The declaration shall]~~ (vi) include a legal description by metes and bounds of all
214 of the land within the condominium project to which the option to contract the project does not
215 extend.

216 ~~[(c)]~~ (b) The condominium plat recorded with the declaration may provide or
217 supplement the information required under ~~[Subsection (5)(b)]~~ Subsections (5)(a)(iv) through
218 (vi).

219 (6) (a) If the condominium project is a leasehold condominium, ~~[then]~~ the declaration
220 shall, with respect to any ground lease or other leases the expiration or termination of which
221 will or may terminate or contract the condominium project:

222 (i) ~~[The declaration shall]~~ include recording information enabling the location of each
223 lease in the official records of the county recorder~~[-];~~;

224 (ii) ~~[The declaration shall]~~ include the date upon which each lease is due to expire~~[-];~~;

225 (iii) ~~[The declaration shall]~~ state whether any land or improvements will be owned by

226 the unit owners in fee simple~~[. If]~~;

227 (iv) if there is to be fee simple ownership of any land or improvement, as described in
228 Subsection (6)(a)(iii), [the declaration shall] include:

229 (A) a description of the land or improvements, including ~~[without limitation,]~~ a legal
230 description by metes and bounds of the land; or

231 (B) a statement of any rights the unit owners have to remove these improvements
232 within a reasonable time after the expiration or termination of the lease or leases involved, or a
233 statement that they shall have no such rights~~[.]; and~~

234 ~~[(iv) The declaration shall]~~ (v) include a statement of the rights the unit owners have
235 to extend or renew any of the leases or to redeem or purchase any of the reversions, or a
236 statement that they have no such rights.

237 (b) After the recording of the declaration, ~~[no]~~ a lessor who executed the declaration,
238 ~~[and no]~~ or the lessor's successor in interest ~~[to this lessor, has any right or power to],~~ may not
239 terminate any part of the leasehold interest of any unit owner who:

240 (i) makes timely payment of ~~[his]~~ the unit owner's share of the rent to the persons
241 designated in the declaration for the receipt of the rent; and

242 (ii) otherwise complies with all covenants which would entitle the lessor to terminate
243 the lease if ~~[they]~~ the covenants were violated.

244 (7) (a) If the condominium project contains time period units, the declaration shall also
245 contain the location of each condominium unit in the calendar year. This information shall be
246 set out in a fourth column of the exhibit or schedule referred to in Subsection 57-8-7(2), if the
247 exhibit or schedule accompanies the declaration.

248 (b) The declaration shall also put timeshare owners on notice that tax notices will be
249 sent to the management committee, not each timeshare owner.

250 (c) The time period units created with respect to any given physical unit shall be such
251 that the aggregate of the durations involved constitute a full calendar year.

252 (8) (a) The declaration, bylaws, and condominium plat shall be duly executed and
253 acknowledged by all of the owners and any lessees of the land which is made subject to this

254 chapter.

255 (b) As used in Subsection (8)(a), "owners and lessees" does not include, in their
256 respective capacities, any mortgagee, any trustee or beneficiary under a deed of trust, any other
257 lien holder, any person having an equitable interest under any contract for the sale or lease of a
258 condominium unit, or any lessee whose leasehold interest does not extend to any portion of the
259 common areas and facilities.

260 [~~(9)(a) As used in this section, "rentals" or "rental unit" means:~~]

261 [~~(i) a unit owned by an individual not described in Subsection (9)(a)(ii) that is occupied
262 by someone while no unit owner occupies the unit as the unit owner's primary residence; and]~~

263 [~~(ii) a unit owned by an entity or trust, regardless of who occupies the unit.]~~

264 [~~(b)(i) Subject to Subsections (9)(c), (f), and (g), an association of unit owners may:]~~

265 [~~(A) create restrictions on the number and term of rentals in a condominium project;~~

266 or]

267 [~~(B) prohibit rentals in the condominium project.]~~

268 [~~(ii) An association of unit owners that creates a rental restriction or prohibition in
269 accordance with Subsection (9)(b)(i) shall create the rental restriction or prohibition in a
270 declaration or by amending the declaration.]~~

271 [~~(c) If an association of unit owners prohibits or imposes restrictions on the number
272 and term of rentals, the restrictions shall include:]~~

273 [~~(i) a provision that requires a condominium project to exempt from the rental
274 restrictions the following unit owner and the unit owner's unit:]~~

275 [~~(A) a unit owner in the military for the period of the unit owner's deployment;]~~

276 [~~(B) a unit occupied by a unit owner's parent, child, or sibling;]~~

277 [~~(C) a unit owner whose employer has relocated the unit owner for no less than two
278 years; or]~~

279 [~~(D) a unit owned by a trust or other entity created for estate planning purposes if the
280 trust or other estate planning entity was created for the estate of:]~~

281 [~~(f) a current resident of the unit; or]~~

282 ~~[(H) the parent, child, or sibling of the current resident of the unit;]~~
283 ~~[(ii) a provision allowing a unit owner who has a rental in the condominium project~~
284 ~~before the time the rental restriction described in Subsection (9)(b)(i) is recorded with the~~
285 ~~county recorder of the county in which the condominium project is located to continue renting~~
286 ~~until;]~~
287 ~~[(A) the unit owner occupies the unit; or]~~
288 ~~[(B) an officer, owner, member, trustee, beneficiary, director, or person holding a~~
289 ~~similar position of ownership or control of an entity or trust that holds an ownership interest in~~
290 ~~the unit, occupies the unit; and]~~
291 ~~[(iii) a requirement that the association of unit owners create, by rule or resolution,~~
292 ~~procedures to:]~~
293 ~~[(A) determine and track the number of rentals and units in the condominium project~~
294 ~~subject to the provisions described in Subsections (9)(c)(i) and (ii); and]~~
295 ~~[(B) ensure consistent administration and enforcement of the rental restrictions:]~~
296 ~~[(d) For purposes of Subsection (9)(c)(ii), a transfer occurs when one or more of the~~
297 ~~following occur:]~~
298 ~~[(i) the conveyance, sale, or other transfer of a unit by deed;]~~
299 ~~[(ii) the granting of a life estate in the unit; or]~~
300 ~~[(iii) if the unit is owned by a limited liability company, corporation, partnership, or~~
301 ~~other business entity, the sale or transfer of more than 75% of the business entity's share, stock,~~
302 ~~membership interests, or partnership interests in a 12-month period:]~~
303 ~~[(e) This section does not limit or affect residency age requirements for an association~~
304 ~~of unit owners that complies with the requirements of the Housing for Older Persons Act, 42~~
305 ~~U.S.C. Sec. 3607:]~~
306 ~~[(f) A declaration or amendment to a declaration recorded prior to transfer of the first~~
307 ~~unit from the initial declarant may prohibit or restrict rentals without providing for the~~
308 ~~exceptions, provisions, and procedures required under Subsection (9)(c):]~~
309 ~~[(g) This section does not apply to:]~~

310 ~~[(i) a condominium project containing a time period unit as defined in Section 57-8-3;]~~
311 ~~[(ii) any other form of timeshare interest as defined in Section 57-19-2; or]~~
312 ~~[(iii) a condominium project in which the initial declaration is recorded before May 12,~~
313 ~~2009;]~~

314 ~~[(h) Notwithstanding this section, an association of unit owners may, upon unanimous~~
315 ~~approval by all unit owners, restrict or prohibit rentals without an exception described in~~
316 ~~Subsection (9)(c).]~~

317 Section 2. Section 57-8-10.1 is enacted to read:

318 **57-8-10.1. Rental restrictions.**

319 (1) As used in this section, "rentals" or "rental unit" means:

320 (a) a unit owned by an individual not described in Subsection (1)(b) that is occupied by
321 someone while no unit owner occupies the unit as the unit owner's primary residence; and

322 (b) a unit owned by an entity or trust, regardless of who occupies the unit.

323 (2) (a) Subject to Subsections (2)(b), (6), and (7), an association of unit owners may:

324 (i) create restrictions on the number and term of rentals in a condominium project; or

325 (ii) prohibit rentals in the condominium project.

326 (b) An association of unit owners that creates a rental restriction or prohibition in
327 accordance with Subsection (2)(a) shall create the rental restriction or prohibition in a
328 declaration or by amending the declaration.

329 (3) If an association of unit owners prohibits or imposes restrictions on the number and
330 term of rentals, the restrictions shall include:

331 (a) a provision that requires a condominium project to exempt from the rental
332 restrictions the following unit owner and the unit owner's unit:

333 (i) a unit owner in the military for the period of the unit owner's deployment;

334 (ii) a unit occupied by a unit owner's parent, child, or sibling;

335 (iii) a unit owner whose employer has relocated the unit owner for no less than two
336 years; or

337 (iv) a unit owned by a trust or other entity created for estate planning purposes if the

338 trust or other estate planning entity was created for the estate of:
339 (A) a current resident of the unit; or
340 (B) the parent, child, or sibling of the current resident of the unit;
341 (b) a provision that allows a unit owner who has a rental in the condominium project
342 before the time the rental restriction described in Subsection (2)(a) is recorded with the county
343 recorder of the county in which the condominium project is located to continue renting until:
344 (i) the unit owner occupies the unit; or
345 (ii) an officer, owner, member, trustee, beneficiary, director, or person holding a
346 similar position of ownership or control of an entity or trust that holds an ownership interest in
347 the unit, occupies the unit; and
348 (c) a requirement that the association of unit owners create, by rule or resolution,
349 procedures to:
350 (i) determine and track the number of rentals and units in the condominium project
351 subject to the provisions described in Subsections (3)(a) and (b); and
352 (ii) ensure consistent administration and enforcement of the rental restrictions.
353 (4) For purposes of Subsection (3)(b), a transfer occurs when one or more of the
354 following occur:
355 (a) the conveyance, sale, or other transfer of a unit by deed;
356 (b) the granting of a life estate in the unit; or
357 (c) if the unit is owned by a limited liability company, corporation, partnership, or
358 other business entity, the sale or transfer of more than 75% of the business entity's share, stock,
359 membership interests, or partnership interests in a 12-month period.
360 (5) This section does not limit or affect residency age requirements for an association
361 of unit owners that complies with the requirements of the Housing for Older Persons Act, 42
362 U.S.C. Sec. 3607.
363 (6) A declaration or amendment to a declaration recorded before transfer of the first
364 unit from the initial declarant may prohibit or restrict rentals without providing for the
365 exceptions, provisions, and procedures required under Subsection (3)(a).

- 366 (7) Subsections (2) through (6) do not apply to:
367 (a) a condominium project that contains a time period unit as defined in Section
368 57-8-3;
369 (b) any other form of timeshare interest as defined in Section 57-19-2; or
370 (c) a condominium project in which the initial declaration is recorded before May 12,
371 2009.
- 372 (8) Notwithstanding this section, an association of unit owners may, upon unanimous
373 approval by all unit owners, restrict or prohibit rentals without an exception described in
374 Subsection (3).
- 375 (9) Except as provided in Subsection (10), an association of unit owners may not
376 require a unit owner who owns a rental unit to:
377 (a) obtain the association of unit owners' approval of a prospective renter; or
378 (b) give the association of unit owners:
379 (i) a copy of a rental application;
380 (ii) a copy of a renter's or prospective renter's credit information or credit report;
381 (iii) a copy of a renter's or prospective renter's background check; or
382 (iv) documentation to verify the renter's age.
- 383 (10) (a) A unit owner who owns a rental unit shall give an association of unit owners
384 the documents described in Subsection (9)(b) if the unit owner is required to provide the
385 documents by court order or as part of discovery under the Utah Rules of Civil Procedure.
386 (b) If an association of unit owners' declaration lawfully prohibits or restricts
387 occupancy of the units by a certain class of individuals, the association of unit owners may
388 require a unit owner who owns a rental unit to give the association of unit owners the
389 information described in Subsection (9)(b), if:
390 (i) the information helps the association of unit owners determine whether the renter's
391 occupancy of the unit complies with the association of unit owners' declaration; and
392 (ii) the association of unit owners uses the information to determine whether the
393 renter's occupancy of the unit complies with the association of unit owners' declaration.

394 Section 3. Section **57-8-13.8** is amended to read:

395 **57-8-13.8. Contraction of project.**

396 A condominium project may be contracted under the provisions of the declaration and
397 the provisions of this chapter. Any such contraction shall be considered to have occurred at the
398 time of the recordation of an amendment to the declaration, executed by the declarant,
399 containing a legal description by metes and bounds of the land withdrawn from the
400 condominium project. If portions of the withdrawable land were described pursuant to
401 Subsection **57-8-10(5)(~~(b)(i)~~(a)(iv)**, then no described portion may be so withdrawn after the
402 conveyance of any unit on the portion. If no withdrawable portions were described, then none
403 of the withdrawable land may be withdrawn after the first conveyance of any unit on the
404 portion.

405 Section 4. Section **57-8-13.10** is amended to read:

406 **57-8-13.10. Condominiums containing convertible land -- Expandable**
407 **condominiums -- Allocation of interests in common areas and facilities.**

408 (1) If a condominium project contains any convertible land or is an expandable
409 condominium, then the declaration may not allocate undivided interests in the common areas
410 and facilities on the basis of par value unless the declaration:

411 (a) prohibits the creation of any units not substantially identical to the units depicted on
412 the condominium plat recorded pursuant to Subsection **57-8-13(1)**; or

413 (b) prohibits the creation of any units not described under Subsection
414 **57-8-10(3)(a)(vii)** in the case of convertible land, Subsection **57-8-10(4)(a)(~~(xi)~~(xii)** in the
415 case of additional land, and contains from the outset a statement of the par value that shall be
416 assigned to every unit that may be created.

417 (2) (a) Interests in the common areas and facilities may not be allocated to any units to
418 be created within any convertible land or within any additional land until a condominium plat
419 depicting the same is recorded pursuant to Subsection **57-8-13(2)**.

420 (b) Simultaneously with the recording of the supplemental condominium plat required
421 under Subsection (2)(a), the declarant shall execute and record an amendment to the

422 declaration which reallocates undivided interests in the common areas and facilities so that the
423 units depicted on the supplemental condominium plat shall be allocated undivided interests in
424 the common areas and facilities on the same basis as the units depicted on the condominium
425 plat that was recorded simultaneously with the declaration pursuant to Subsection 57-8-13(1).

426 (3) If all of a convertible space is converted into common areas and facilities, including
427 limited common areas and facilities, then the undivided interest in the common areas and
428 facilities appertaining to the convertible space shall afterward appertain to the remaining units
429 and shall be allocated among them in proportion to their undivided interests in the common
430 areas and facilities. The principal officer of the unit owners' association or of the management
431 committee, or any other officer specified in the declaration, shall immediately prepare, execute,
432 and record an amendment to the declaration reflecting the reallocation of undivided interest
433 produced by the conversion.

434 (4) (a) If the expiration or termination of any lease of a leasehold condominium causes
435 a contraction of the condominium project which reduces the number of units, or if the
436 withdrawal of withdrawable land of a contractible condominium causes a contraction of the
437 condominium project which reduces the number of units, the undivided interest in the common
438 areas and facilities appertaining to any units so withdrawn shall afterward appertain to the
439 remaining units, being allocated among them in proportion to their undivided interests in the
440 common areas and facilities.

441 (b) The principal officer of the unit owners' association or of the management
442 committee, or any other officer specified in the declaration shall immediately prepare, execute,
443 and record an amendment to the declaration, reflecting the reallocation of undivided interests
444 produced by the reduction of units.

445 Section 5. Section **57-8a-209** is amended to read:

446 **57-8a-209. Rental restrictions.**

447 (1) As used in this section, "rentals" or "rental lot" means:

448 (a) a lot owned by an individual not described in Subsection (1)(b) that is occupied by
449 someone while no lot owner occupies the lot as the lot owner's primary residence; and

- 450 (b) a lot owned by an entity or trust, regardless of who occupies the lot.
- 451 (2) (a) Subject to Subsections (2)(b), (6), and (7), an association may:
- 452 (i) create restrictions on the number and term of rentals in an association; or
- 453 (ii) prohibit rentals in the association.
- 454 (b) An association that creates a rental restriction or prohibition in accordance with
- 455 Subsection (1)(a)(i) shall create the rental restriction or prohibition in a recorded declaration of
- 456 covenants, conditions, and restrictions, or by amending the recorded declaration of covenants,
- 457 conditions, and restrictions.
- 458 (3) If an association prohibits or imposes restrictions on the number and term of
- 459 rentals, the restrictions shall include:
- 460 (a) a provision that requires the association to exempt from the rental restrictions the
- 461 following lot owner and the lot owner's lot:
- 462 (i) a lot owner in the military for the period of the lot owner's deployment;
- 463 (ii) a lot occupied by a lot owner's parent, child, or sibling;
- 464 (iii) a lot owner whose employer has relocated the lot owner for no less than two years;
- 465 or
- 466 (iv) a lot owned by a trust or other entity created for estate planning purposes if the
- 467 trust or other estate planning entity was created for:
- 468 (A) the estate of a current resident of the lot; or
- 469 (B) the parent, child, or sibling of the current resident of the lot;
- 470 (b) a provision [~~allowing~~] that allows a lot owner who has a rental in the association
- 471 before the time the rental restriction described in Subsection (2)(a) is recorded with the county
- 472 recorder of the county in which the association is located to continue renting until:
- 473 (i) the lot owner occupies the lot; or
- 474 (ii) an officer, owner, member, trustee, beneficiary, director, or person holding a
- 475 similar position of ownership or control of an entity or trust that holds an ownership interest in
- 476 the lot, occupies the lot; and
- 477 (c) a requirement that the association create, by rule or resolution, procedures to:

478 (i) determine and track the number of rentals and lots in the association subject to the
479 provisions described in Subsections (3)(a) and (b); and

480 (ii) ensure consistent administration and enforcement of the rental restrictions.

481 (4) For purposes of Subsection (3)(b), a transfer occurs when one or more of the
482 following occur:

483 (a) the conveyance, sale, or other transfer of a lot by deed;

484 (b) the granting of a life estate in the lot; or

485 (c) if the lot is owned by a limited liability company, corporation, partnership, or other
486 business entity, the sale or transfer of more than 75% of the business entity's share, stock,
487 membership interests, or partnership interests in a 12-month period.

488 (5) This section does not limit or affect residency age requirements for an association
489 that complies with the requirements of the Housing for Older Persons Act, 42 U.S.C. Sec.
490 3607.

491 (6) The declaration of covenants, conditions, and restrictions or amendments to the
492 declaration of covenants, conditions, and restrictions recorded [~~prior to~~] before the transfer of
493 the first lot from the initial declarant may prohibit or restrict rentals without providing for the
494 exceptions, provisions, and procedures required under Subsection (3)(a).

495 (7) [~~This section does~~] Subsections (2) through (6) do not apply to:

496 (a) an association [~~containing~~] that contains a time period unit as defined in Section
497 [57-8-3](#);

498 (b) any other form of timeshare interest as defined in Section [57-19-2](#); or

499 (c) an association in which the initial declaration of covenants, conditions, and
500 restrictions is recorded before May 12, 2009.

501 (8) Notwithstanding this section, an association may, upon unanimous approval by all
502 lot owners, restrict or prohibit rentals without an exception described in Subsection (3).

503 (9) Except as provided in Subsection (10), an association may not require a lot owner
504 who owns a rental lot to:

505 (a) obtain the association's approval of a prospective renter; or

- 506 (b) give the association:
- 507 (i) a copy of a rental application;
- 508 (ii) a copy of a renter's or prospective renter's credit information or credit report;
- 509 (iii) a copy of a renter's or prospective renter's background check; or
- 510 (iv) documentation to verify the renter's age.

511 (10) (a) A lot owner who owns a rental lot shall give an association the documents
 512 described in Subsection (9)(b) if the lot owner is required to provide the documents by court
 513 order or as part of discovery under the Utah Rules of Civil Procedure.

514 (b) If an association's declaration of covenants, conditions, and restrictions lawfully
 515 prohibits or restricts occupancy of the lots by a certain class of individuals, the association may
 516 require a lot owner who owns a rental lot to give the association the information described in
 517 Subsection (9)(b), if:

518 (i) the information helps the association determine whether the renter's occupancy of
 519 the lot complies with the association's declaration of covenants, conditions, and restrictions;
 520 and

521 (ii) the association uses the information to determine whether the renter's occupancy of
 522 the lot complies with the association's declaration of covenants, conditions, and restrictions.

523 Section 6. Section **57-17-3** is amended to read:

524 **57-17-3. Deductions from deposit -- Written itemization -- Time for return.**

525 (1) Upon termination of [the] a tenancy, the owner or the owner's agent may apply
 526 property or money held as a deposit [may be applied, at the owner's or designated agent's
 527 option, to] toward the payment of [accrued] rent, damages to the premises beyond reasonable
 528 wear and tear, other costs and fees provided for in the contract [and], or cleaning of the unit.
 529 [The balance of any deposit and prepaid rent, if any, and a written itemization of any
 530 deductions from the deposit, and reasons therefor, shall be delivered or mailed to the renter
 531 within 30 days after termination of the tenancy or within 15 days after receipt of the renter's
 532 new mailing address, whichever is later. The renter shall notify the owner or designated agent
 533 of the location where payment and notice may be made or mailed. If there is damage to the

534 ~~rented premises, this period shall be extended to 30 days.]~~

535 (2) No later than 30 days after the day on which a renter vacates and returns possession
536 of a rental property to the owner or the owner's agent, the owner or the owner's agent shall
537 deliver to the renter at the renter's last known address:

538 (a) the balance of any deposit;

539 (b) the balance of any prepaid rent; and

540 (c) if the owner or the owner's agent made any deductions from the deposit or prepaid
541 rent, a written notice that itemizes and explains the reason for each deduction.

542 (3) If an owner or the owner's agent fails to comply with the requirements described in
543 Subsection (2), the renter may serve the owner or the owner's agent, in accordance with
544 Subsection (4), a notice that:

545 (a) states:

546 (i) the names of the parties to the rental agreement;

547 (ii) the day on which the renter vacated the rental property;

548 (iii) that the owner or the owner's agent has failed to comply with the requirements
549 described in Subsection (2); and

550 (vi) the address where the owner or the owner's agent may send the items described in
551 Subsection (2); and

552 (b) is substantially in the following form:

553 TENANT'S NOTICE TO PROVIDE DEPOSIT DISPOSITION

554 TO: (insert owner or owner's agent's name)

555 RE: (insert address of rental property)

556 NOTICE IS HEREBY GIVEN THAT WITHIN FIVE (5) CALENDAR DAYS

557 pursuant to Utah Code Sections [57-17-3](#) et seq., the owner or the owner's agent must provide
558 the tenant, at the address below, a refund of the balance of any security deposit, the balance of
559 any prepaid rent, and a notice of any deductions from the security deposit or prepaid rent as
560 allowed by law.

561 NOTICE IS FURTHER GIVEN that failure to comply with this notice will require the

562 owner to refund the entire security deposit, the full amount of any prepaid rent, and a penalty of
563 \$100. If the entire security deposit, the full amount of any prepaid rent, and the penalty of \$100
564 is not tendered to the tenant, and the tenant is required to initiate litigation to enforce the
565 provisions of the statute, the owner may be liable for the tenant's court costs and attorney fees.

566 Tenant's Name(s): _____

567 Mailing Address _____ City _____ State _____ Zip _____

568 This is a legal document. Please read and comply with the document's terms.

569 Dated this _____ day of _____, 20_____.

570 Return of Service

571 On this _____ day of _____, 20_____, I swear and attest that I served this notice

572 in compliance with Utah Code Section [57-17-3](#) by:

573 _____ Delivering a copy to the owner or the owner's agent personally at the address
574 provided in the lease agreement;

575 _____ Leaving a copy with a person of suitable age and discretion at the address
576 provided in the lease agreement because the owner or the owner's agent was absent from the
577 address provided in the lease agreement;

578 _____ Affixing a copy in a conspicuous place at the address provided in the lease
579 agreement because a person of suitable age or discretion could not be found at the address
580 provided in the lease agreement; or

581 _____ Sending a copy through registered or certified mail to the owner or the owner's
582 agent at the address provided in the lease agreement.

583 The owner's address to which the service was effected is:

584 Address _____ City _____ State _____ Zip _____

585 _____ (server's signature)

586 Self-Authentication Declaration

587 Pursuant to Utah Code Section [46-5-101](#), I declare under criminal penalty of the State of Utah
588 that the foregoing is true and correct.

589 Executed this _____ day of _____, 20_____.

590 _____ (server's signature)

591 (4) A notice described in Subsection (3) shall be served:

592 (a) (i) by delivering a copy to the owner or the owner's agent personally at the address
593 provided in the lease agreement;

594 (ii) if the owner or the owner's agent is absent from the address provided in the lease
595 agreement, by leaving a copy with a person of suitable age and discretion at the address
596 provided in the lease agreement; or

597 (iii) if a person of suitable age or discretion cannot be found at the address provided in
598 the lease agreement, by affixing a copy in a conspicuous place at the address provided in the
599 lease agreement; or

600 (b) by sending a copy through registered or certified mail to the owner or the owner's
601 agent at the address provided in the lease agreement.

602 (5) Within five business days after the day on which the notice described in Subsection
603 (3) is served, the owner or the owner's agent shall comply with the requirements described in
604 Subsection (2).

605 Section 7. Section 57-17-5 is repealed and reenacted to read:

606 **57-17-5. Failure to return deposit or prepaid rent or to give required notice --**
607 **Recovery of deposit, penalty, costs, and attorney fees.**

608 (1) If an owner or the owner's agent fails to comply with the requirements described in
609 Subsection 57-17-4(5), the renter may:

610 (a) recover from the owner:

611 (i) if the owner or the owner's agent failed to timely return the balance of the renter's
612 deposit, the full deposit;

613 (ii) if the owner or the owner's agent failed to timely return the balance of the renter's
614 prepaid rent, the full amount of the prepaid rent; and

615 (iii) a civil penalty of \$100; and

616 (b) file an action in district court to enforce compliance with the provisions of this
617 section.

618 (2) In an action under Subsection (1)(b), the court shall award costs and attorney fees
619 to the prevailing party if the court determines that the opposing party acted in bad faith.

620 (3) A renter is not entitled to relief under this section if the renter fails to serve a notice
621 in accordance with Subsection [57-17-3\(3\)](#).

622 (4) This section does not preclude an owner or a renter from recovering other damages
623 to which the owner or the renter is entitled.